

Message Text

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FM AMCONSUL MELBOURNE

TO SECSTATE WASHDC 3543

INFO AMEMBASSY CANBERRA

AMCONSUL SYDNEY

AMCONSUL BRISBANE

AMCONSUL PERTH

AMEMBASSY WELLINGTON

AMEMBASSY PORT MORESBY

CINCPAC

AMEMBASSY LONDON

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CINCPAC FOR POLAD

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TAGS ELAB, AS

SUBJ: VICTORIA MANAGEMENT SPOKESMEN ASSESS RECENT

NATIONAL STRIKE AS SETBACK TO TRADE UNIONS AND

MEDIBANK "A DEAD ISSUE"

REF MELBOURNE 1273

1. SUMMARY: DURING FORTNIGHT INVOLVING ONE-DAY NATIONAL STRIKE JULY 12 OVER MEDIBANK CHANGES, BUSINESS MANAGEMENT IN VICTORIA HAS CONCLUDED THAT ON BALANCE FRASER GOVT CLEARLY CAME OUT ON TOP IN CONFRONTATION, AND STRIKE WAS NOT AS POPULAR A MOVE AS NUMBERS OF STRIKERS WOULD SEEM TO INDICATE; THEY BELIEVE THAT

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MEDIBANK IS NOW VIRUTALLY A DEAD ISSUE AND THAT

DIFFERENCES OF OPINION BETWEEN RIGHT-WING AND LEFT-WING UNIONS OVER THAT STRIKE AND OTHER POLITICALLY-INSPIRED STRIKES POSES STRONG THREAT TO TRADE UNION MOVEMENT UNITY. THEY BELIEVE IT VERY UNLIKELY ACTU WILL ATTEMPT ANSSSUCH LARGE-SCALE ACTION AGAIN AT LEAST FOR SEVERAL MONTHS. END SUMMARY.

2. DURING FORTNIGHT FOLLOWING JULY 12 ACTU-LED NATIONAL STRIKE OVER FRASER GOVT'S PROPOSED CHANGES TO NATIONAL HEALTH INSURANCE SCHEME (MEDIBANK), POST ECONOFF HAS INTERVIEWED EXECUTIVE DIRECTORS OF THREE OF VICTORIA'S MOST IMPORTANT BUSINESS ORGANIZATIONS AND HAS INFORMALLY DISCUSSED STRIKE WITH ANOTHER DOZEN OR MORE BUSINESS CONTACTS. THIS TELEGRAM REPORTS THEIR ASSESSMENTS OF RESULTS OF STRIKE. PRINCIPAL SOUGKAAC ALAN LOVELL, EXECUTIVE CIRECTOR OF MELBOURNE CHAMBER OF COMMERCE; BRIAN POWELL, DIRECTOR OF VICTORIAN CHAMBER OF MANUFACTURERS (VCM); TERRY LANG, INDUSTRIAL RELATIONS DIRECTOR OF VCM; IAN SPICER, SECRETARY OF VICTORIAN EMPLOYER'S FEDERATION.

3. ALL ABOVE SOURCES AGREED THAT ABOUT 55 PERCENT OF WORK FORCE TURNED UP FTUYVRNCVND THAT 65 PERCENT WOULD HAVE PROBABLY TURNED UP BUT FOR LACK OF ELECTRIC POWER AND PUBLIC TRANSPORT. SPICER STATED THAT HALF OF VICTORIA'S WORK-FORCE IS NON-UNION AND 95 PERCENT OF THOSE WORKERS WENT TO WORK. SPICER ALSO CLAIMED THAT ONLY IN 3 OR 4 FACTORIES UNION MEMBERS ACTUALLY MET AND VOTED TO STRIKE; VAST MAJORITY WENT OUT BECAUSE UNION OFFICERS SAID SO, OR BECAUSE COMPANY STOOD MEN DOWN FOR LACK OF ELECTRIC POWER, OR UNIONS THREATENED TRANSPORT AND OTHER BANS ON COMPANIES WHICH TRIED TO WORK. SPICER BELIEVE STRIKE ITSELF WAS NOT POPULAR MOVE: WHILE LARGE NUMBER OF WORKERS OPPOSED CHANGES TO MEDIBANK, MANY WERE OPPOSED TO STRIKE AS MEANS TO EXPRESS DISSENT. HE BELIEVES "TRADE UNION OLOVEMENT IS QUITE SPLIT OVER STRIKE AND IT WOULD BE EXTREMELY DIFFICULT FOR ACTU TO DO IT AGAIN AT LEAST IN SHORT TERM OF 3 TO 6 MONTHS."

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4. LOVELL SUMMED UP HIS ASSESSMENT IN UNQUALIFIED TERMS:
A) UNIONS LOST CONFRONTATION; B) GOVT NEEDS TO BE MORE FIRM GENERALLY ON MORE THINGS; BUT
C) HAVING GOT UPPER HAND, GOVT SHOULD NOW SHOW SOME FLEXIBILITY ON MEDIBANK, "A VERY EMOTIONAL ISSUE;"
D) BOB HAWKE'S PRESTIGE HAS SUFFERED OVER STRIKE AND THROUGH HIS PUBLIC APPEARANCES RELATED TO IT; E) NEWS MEDIA TREATMENT OF STRIKE INDICATED SWING AWAY FROM

KNEE-JERK REACTION IN FAVOR OF EXTREME LEFT POSITIONS;
MORE CONCILIATORY TONE EVIDENT OF FEAR OF UNEMPLOYMENT
WAS STRIKING CLOSER TO HOME AMONG WORKERS AND FORCING THEM
TO LOOK HARDER AT UNION LEADERSHIP.

5. POWELL AND LANG RECKONED LEFT WING WOULD SEE STRIKE
AS SUCCESS IN TERMS OF UNION POLITICS, BUT ITS MUSCLE CAME
FROM CONTROL OF ELECTRIC POWER AND PUBLIC
TRANSPORT WHICH TOGETHER CAN DISRUPT INDUSTRY AS A
WHOLE. THEY BELIEVE MEDIBANK STRIKE MAY BRING OUT-AND-
OUT CONFRONTATION BETWEEN LEFT-WING AND RIGHT-WING
UNIONS. LANG NOTED "5 YEARS AGO 60 PERCENT OF STRIKES
RELATED TO INDUSTRIAL ISSUES, NOW 65 PERCENT ARE POLITICAL
ISSUES; WHITE COLLAR UNIONS TRADITIONALLY OPPOSE POLITICAL
STRIKES AND BLUE COLLAR WORKERS ARE GETTING SICK AND
TIRED OF BEING CALLED ON TO STRIKE WITHOUT PAY -- NO
UNION HAS FUNDS LEFT TO COVER LOSSES, BECAUSE OF
INFLATION". LANG OPINED, "ACROSS WHOLE SPECTRUM OF
ACTU, STRIKE PROBABLY VIEWED AS A NON-SUCCESS".

6. ON MEDIBANK AS AN ISSUE, SPICER NOTED "HUNDREDS OF
CASES OF EMPLOYERS CALLING UP FEDERATION FOR FACTS OF
MATTER BECAUSE EMPLOYEES WERE ASKING THEM FOR INFORMATION;
WORKERS WERE CONFUSED OVER COMPLICATED ARGUMENTS PRO
AND CON." HE BELIEVED FRASER GOVT LOST OUT BADLY
BY NOT INFORMING PUBLIC THAT TWO-THIRDS OF MEDIBANK
COSTS WILL STILL COME FROM GENERAL REVENUE; MUCH-DISPUTED
LEVY WILL ONLY COVER ONE-THIRD OF COSTS TO
GOVT. NEVERTHELESS, MEDIBANK IS, IN HIS OPINION,
A DEAD ISSUE. UNLIKE LOVELL, HE DID NOT SEE MUCH NEED
FOR GOVT TO ADOPT FLEXIBLE OR COMPROMISE TACTICS
SINCE IT HAD DONE WELL IN TEXT OF STRENGTH.

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7. COMMENT: A) WHILE OPINIONS AND ATTITUDES OF ABOVE
SOURCES SOMEWHAT PREDICATABLE, NEVERTHELESS THEY REFLECT
VIEWS OF BUSINESS AND MANAGEMENT CIRCLES, WHICH PROVIDE
SIGNIFICANT MORAL AND FINANCIAL SUPPORT TO FRASER GOVT.
THEY BELIEVE GOVT CAN SUCCESSFULLY PUSH
TO CONCLUSION ITS PROPOSED CHANGES TO MEDIBANK.
B) LABOR OFFICER COMMENT: VICTORIAN MANAGEMENT ASSESS-
MENT OF MEDIBANK STRIKE RELIES TOO MUCH ON "PARTY LINE"
CONSIDERATIONS AND WISHFUL THINKING TO MERIT UNQUALIFIED
ACCEPTANCE. WHILE STRIKE FAILED TO FORCE GOVT TO
BACK DOWN ON MEDIBANK OR EVEN TO RESUME MEDIBANK DISCUSSIONS
WITH TRADE UNION MOVEMENT, IT NEVERTHELESS DRAMATIZED FACT
THAT POWERFUL AND MOBILIZABLE FORCES EXIST WITHIN
COUNTRY WHICH OPPOSE GOVT'S PLAN TO "EMASCULATE"
MEDIBANK. WOTLE IT PROBABLY TRUE THAT TRADE UNION

MOVEMENT LACKS POWER TO CALL ANOTHER NATIONAL STRIKE OVER
MEDIBANK IN NEAR FUTURE, THIS DOES NOT MEAN IT LACKS
POWER TO RESORT TO VARIOUS OTHER FORMS OF INDUSTRIAL
ACTION. AS FOR MEDIBANK BEING "DEAD ISSUE" IT WOULD BE
PRUDENT TO RESERVE JUDGMENT AT LEAST UNTIL GOVT
AND PRIVATE HEALTH SCHEMES HAVE COMPLETED TASK OF
EXPLAINING AND JUSTIFYING WHAT THEY HAVE IN MIND
AND AVERAGE AUSTRALIAN HAS HAD OPPORTUNITY TO FIGURE OUT
WHAT MEDICAL CARE WILL COST HIM IN FUTURE IN DOLLARS
AND CENTS TO BE DEDUCTED FROM HIS PAY PACKET (AND ADDED
TO CPI AS OF FOURTH QUARTER OF 1976).
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